

SC9901.400 SUBCHAPTER 400
PERFORMANCE MANAGEMENT
TABLE OF CONTENTS

SECTIONS

SC400.1. PURPOSE

SC400.2. APPLICABILITY

SC400.3. DEFINITIONS

SC400.4. GENERAL ROLES AND RESPONSIBILITIES

SC400.5. SETTING PERFORMANCE EXPECTATIONS

SC400.6. MONITORING PERFORMANCE

SC400.7. DEVELOPING PERFORMANCE

SC400.8. END OF YEAR PERFORMANCE ASSESSMENT

SC400.9. RATING METHODOLOGY

SC400.10. PAY POOL POLICIES AND PROCEDURES

SC400.11. CHALLENGING THE RATING OF RECORD

REFERENCES:

(a) Public Law 108-136, "National Defense Authorization Act," November 24, 2003

(b) Title 5, Code of Federal Regulations, Part 9901, "Department of Defense National Security Personnel System"

(c) DoD 1400.25.M, "DoD Civilian Personnel Manual," December 1996

(d) Title 5, United States Code, "Government Organization and Employees"

400.1 Purpose

This subchapter implements the performance management policies under references (a) and (b); prescribes procedures, delegates authority and assigns responsibility for the NSPS performance management system. Policies regarding performance pay pool funding, and calculations related to performance payouts are contained in SC300.5 of reference (c). DoD Components may issue policy, procedures and guidance to supplement processes and procedures contained in this subchapter in so far as such policy, procedures and guidance are consistent with the policy established in this subchapter and subsequent DoD issuances.

400.1.1. NSPS is designed to promote a performance culture in which the performance and contributions of the DoD civilian workforce are more accurately and fully recognized and rewarded. The NSPS performance management system is an essential part of this design by providing a fair and equitable method for appraising and evaluating the performance of eligible employees.

400.1.2. The execution of responsibilities and procedures in this subchapter and any supplemental guidance will support and be consistent with merit principles set forth in title 5, United States Code, Chapter 23, reference (d).

400.1.3. Waivers The provisions of chapter 43 of title 5, U.S. Code, are waived, thereby allowing supervisors and managers to adjust performance requirements and expectations in response to the Department's rapidly changing work environment, and to more effectively hold employees accountable for those general and/or assignment-specific work requirements and expectations.

400.2. Applicability

This subchapter applies to non-executive civilian employees in the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the Field Activities, and all other organizational entities in the Department of Defense (hereafter collectively referred to as the "Components"). For OSD and the DoD Field Activities separately delegated authority, the Director, Administration and Management, exercises the functions of the Head of the Component for the purposes of this subchapter.

400.2.1. Coverage. The following employees and positions in DoD organizational and functional units are eligible for coverage under this subpart:

- (a) Employees and positions that would otherwise be covered by 5 U.S.C. chapter 43;
- (b) Employees and positions that were excluded from chapter 43 by OPM under 5 CFR 430.202(d) prior to the date of coverage of this subchapter; and
- (c) Such others designated by the Secretary as DoD may be authorized to include under 5 U.S.C. 9902.

400.2.2. Minimum Period of Performance. This subchapter applies to employees who at a minimum have been, or are expected to be, employed in an NSPS position and performing under an approved NSPS performance plan for 90 days during the current appraisal period. Policies addressing rating and rewarding employees in special circumstances are provided at **Appendix – Performance Assessments and Pay Adjustments for Specially Situated Employees**.

400.2.2.1. Employees who have performed the minimum period will be issued a rating of record in accordance with the procedures prescribed by this subchapter.

400.2.2.2. Except as provided at **Appendix – Performance Assessments and Pay Adjustments for Specially Situated Employees**, employees who have not completed the minimum period of performance during the applicable appraisal period will not be rated, and, therefore, will not be eligible for a performance payout. In accordance with 400.10.2.3 employees who are not ratable because they have not or will not have performed the minimum period of service will be advised that they are ineligible for the performance payout.

400.3. Definitions

Appraisal Period. In accordance with 5 CFR 9901.404, the established period of time during which performance will be monitored and assessed. The standard NSPS appraisal period will be October 1 through September 30 each year.

Benchmark Descriptors. The expression of the performance threshold(s), or requirement(s) associated with a particular level of performance. They are used to measure, evaluate, and score each standard performance factor relative to the accomplishment of the employee's job objective(s).

Bonus. An element of the performance payout that consists of a one-time lump-sum payment awarded to an employee. A bonus is not part of base salary.

Closeout Assessment. The closeout assessment is a narrative description of an eligible employee's performance under an approved performance plan. The closeout assessment is issued by the supervisor when an the supervisor ceases to exercise duties relative to monitoring, developing and rating performance of an employees due to job change, retirement, promotion or similar event. Additionally, supervisors will prepare closeout assessments for employees when it is known that the employee will change positions within NSPS resulting in a new supervisor. Closeout assessments are not ratings of record.

Competencies. The measurable or observable knowledge, skills, abilities, behaviors, and other characteristics that an individual needs to perform a particular job or job function successfully.

Contribution. A work product, service, output or result provided or produced by an employee or group of employees that supports the Departmental or organizational mission, goals, or objectives.

Dialogue. An exchange of ideas and opinions between the employee and supervisor (or rating official if different). Communication may be via face-to-face discussion, telephone, electronic device or any other means that supports two-way discussion between the parties.

Early Annual Recommended Rating of Record. A recommended rating of record issued within 30 days before the end of the appraisal period.

Eligible Employee. An employee who on the last day of the appraisal period has satisfied the minimum period of performance under NSPS in the current appraisal period and who is meets coverage requirements at SC400.2.1.

Job Objectives. Job objectives are an expression of performance expectations in the performance plan and performance appraisal. Job objectives are used to communicate specific individual, team and/or organizational responsibilities and/or contributions and their related outcomes and accomplishments, that are expected of the employee during the appraisal period.

Modal Rating. The modal rating is the rating of record summary level or score most frequently assigned to employees in the same pay band within a particular pay pool for a particular rating cycle.

Pay Pool Share Factor. A percentage value based on available pay pool funds and the distribution of performance shares across employees within a pay pool. A pay pool share factor will be expressed as decimal fraction carried out and rounded to the eighth decimal place (.12345678).

Performance. The accomplishment of work assignments or responsibilities and contribution to achieving organizational goals, including an employee's behavior and professional demeanor (actions, attitude, manner of performance) as demonstrated by his or her approach to completing work assignments.

Performance-based pay increase. The increase to base salary as authorized by the pay pool manager, also known as "performance pay increase".

Performance Expectation. The duties, responsibilities, and competencies required by, or objectives associated with, an employee's position and the contributions and demonstrated competencies management expects of an employee, as described in § 9901.406(d) of ref (b).

Performance Management. Applying the integrated processes of setting and communicating performance expectations; monitoring performance and providing feedback; developing performance and addressing poor performance; and rating and rewarding performance in support of the organization's goals and objectives. The performance management system will address the elements set forth in 5 CFR 9901.401(b).

Performance Management System. The policies and requirements for setting and communicating employee performance expectations, monitoring performance and providing feedback, developing performance and addressing poor performance, and rating and rewarding performance.

Performance Plan. Includes standard performance factors, associated work behaviors and benchmark descriptors valid for the employee's assigned pay schedule and band. Performance plans must also contain at least one, but not more than eight job objectives.

Performance Payout. The total monetary value of performance pay increase and bonus resulting from the performance appraisal process. Policies related to performance payout calculations are found at SC 300.5.

Performance Share. A unit of performance payout awarded to an employee based on the rating of record. Performance shares will be awarded commensurate with the employee's performance and contribution rating of record.

Rating Official. The rating official is a representative of management, usually the immediate supervisor, who is approved by the pay pool manager to evaluate and assess employee performance and recommend a rating of record for review by the pay pool panel.

Rating of Record. A rating of record is the overall performance rating including a summary level or overall score, authorized by the pay pool manager, assigned to the employee and recorded on the performance appraisal, in accordance with 5 CFR 9901.404. (Also referred to as year-end performance assessment and annual rating.)

Standard Performance Factor. A type of performance expectation described as a competency or generic attribute of job performance that is defined by critical work behaviors that are of sufficient importance that performance below the minimum standard requires remedial action and may be the basis for corrective action and/or removing the employee from the position. Failure in a standard performance factor will result in an overall rating of unsuccessful.

Unacceptable Performance. Performance of an employee which fails to meet one or more performance expectations, as amplified through work assignments or other instructions, for which the employee is held individually accountable.

Work Behaviors. Activities and skills related to a standard performance factor that describe how performance is exhibited on the job.

400.4. General Roles and Responsibilities.

Performance management is a priority for supervisors, managers and employees at all levels. The success of leaders must be linked to the performance of subordinate supervisors and employees and full execution of performance management and pay-for-performance responsibilities and practices at all levels of the organization. Performance-based pay is the linkage between pay – base salary and/or lump-sum bonus – and measures of organizational, team, and/or individual performance. The success of pay-for-performance policies depends on performance planning, measurement, and management practices. All parties need to invest adequate time and effort throughout the rating cycle for training on and administration of performance management.

400.4.1. **Performance Review Authority (PRA).** The PRA provides oversight of several pay pools, and addresses the consistency of performance management policies within a Component, Major Command, field activity or other organization as determined by the Component. DoD Components may provide guidance for the establishment of PRAs. The responsibilities of the PRA, may be assigned to pre-established organizations or to an individual management official. PRA oversight responsibilities should include application of DoD and Component NSPS policies pertaining to the operation of pay pools. PRA members may not participate in payout deliberations or decisions that directly impact their own rating of record.

400.4.2. Pay Pool Managers. The pay pool manager is charged with the overall responsibility for the effective operation of the pay pool and for the distribution of funds in a manner consistent with DoD, Component and activity policies. Performance payout determinations, as authorized by the pay pool manager, may be subject to higher management review by the PRA or equivalent review process. Pay pool managers may not participate in payout deliberations or decisions regarding their own performance assessment or pay. Pay pool manager responsibilities are further described in SC400.10.3.

400.4.3. Pay Pool Panel. The pay pool panel is a board of management officials within the pay pool. The primary function of the pay pool panel is the reconciliation of performance ratings, share distribution and payout allocation decisions. Pay pool panel members may not participate in payout deliberations or decisions that directly impact their own performance assessment or pay. Pay pool panel composition and responsibilities are further described in SC400.10.4.

400.4.4. Supervisors. Supervisors are charged with the responsibility, and will be held accountable, for effectively managing the performance of assigned employees to include but not limited to:

- (1) Clearly communicating performance expectations and holding employees responsible for accomplishing them;
- (2) Aligning performance expectations and employee development with organization mission and goals;
- (3) Developing written performance objectives reflective to expected accomplishments and contributions for the appraisal period;
- (4) Making meaningful distinctions among employees based on performance and contribution;
- (5) Fostering and rewarding valued or higher performance;
- (6) Addressing unsuccessful performance;
- (7) Assuring that employees who have served the minimum period of service are assigned a rating of record as prescribed by this subchapter;
- (8) Completing closeout assessments, early annual recommended ratings and special purpose ratings, as appropriate;
- (9) Ensuring employees are trained in the performance management system and aware of the opportunity to provide a self-assessment;
- (10) Providing employees meaningful, constructive and candid feedback relative to performance expectations, including at least one documented interim review.

400.4.4.1. Normally, the immediate supervisor will carry out the functions described in SC 400.4.4. However, in order to recommend a rating of record for consideration by the pay pool panel, the supervisor must have been adequately prepared through appropriate training in the basic elements of NSPS performance management or have demonstrated experience in a pay for performance system. Requirements for rating official qualification are found at **Appendix – Rating Official Qualification**.

400.4.4.2. If the supervisor is not adequately prepared or is otherwise unable to render a recommended rating of record, this responsibility will be executed by the next higher qualified level of management within the chain of command.

400.4.5. Employees. Employees are encouraged to:

- (a) Engage in dialogue with supervisors to develop performance expectations, including job objectives;
- (b) Identify and record their accomplishments and results throughout the appraisal period;
- (c) Participate in the annual performance assessments; and
- (d) Understand the link between performance expectations and organization goals.

400.5. Setting Performance Expectations

400.5.1. Aligning Performance Expectations and Strategic Goals. Performance expectations will support and align with the DoD mission and its strategic goals, organizational program and policy objectives, annual performance plans, and other measures of performance.

400.5.2. Performance Expectations. Performance expectations will be communicated to employees in writing and may include:

- (a) Goals or objectives that set general or specific performance targets at the individual, team, and/or organizational level;
- (b) Organizational, occupational, or other work requirements, such as standard operating procedures, operating instructions, manuals, internal rules and directives, and/or other instructions that are generally applicable and available to the employee;
- (c) Competencies an employee is expected to demonstrate on the job, and/or the contributions an employee is expected to make;
- (d) Standard performance factors and benchmark descriptors
- (e) Behavioral expectations as described in 400.5.6.1.

400.5.2.1. Performance expectations may be amplified through particular work assignments or other instructions (which may specify the quality, quantity, accuracy, timeliness, or other expected characteristics of the completed assignment, or some combination of such characteristics). There is no requirement that such assignments and instructions be in writing.

400.5.4. Job Objectives. Performance expectations in the form of job objectives will be described in the performance plan issued to each eligible employee. Job objectives are one form of performance expectations described in the employee's performance plan. The performance plan is not the exclusive means by which management may document and communicate performance expectations to employees. (See SC400.5.2.) Job objectives are important because they draw the line of sight between the employee's work and the goals of the organization.

400.5.4.1. Job objectives must be results-focused and will be linked to the DoD mission and its strategic goals, organizational program and policy objectives, annual performance plans, and/or other measures of performance. Each eligible employee will be assigned at least one, but not more than eight job objectives.

400.5.4.2. Supervisors will involve employees in the development of their job objectives. Normally, this process will include at least one face-to-face discussion between supervisors and employees. Final decisions regarding job objectives and other performance expectations are within the sole and exclusive discretion of management.

400.5.4.3. Job objectives for individuals or groups of employees will reflect the job expectations, duties, and responsibilities for the encumbered position(s).

400.5.5. Conduct and behavior affecting performance outcomes. Actions, attitude, manner of completion, and/or conduct or professional demeanor as they positively or negatively impact individual or organizational performance may be measured aspects of an employee's performance within the appraisal period.

400.5.5.1. Performance expectations that are behavioral in nature should be set by the supervisor at the beginning of an appraisal period, as with other performance expectations. These expectations normally would include the general behavioral expectations for all employees as stated in the Code of Conduct for Department of Defense Civilian Employees, Standards of Ethical Conduct for Employees in the Executive Branch and the DoD Joint Ethics Regulations, as well as any behavioral expectations specifically related to the local organization.

400.5.5.2. Employees, managers and supervisors are always accountable for demonstrating professionalism and standards of appropriate conduct and behavior which impacts the performance of the individual, team or organization.

400.5.6. Performance Plans. Every eligible employee will be issued a performance plan. The performance plan is the basis of performance rating. Performance plans will be documented on the National Security Personnel System **Performance PlanForm**.

400.5.6.1. Performance plans will be in place and communicated to the employee within 30 days from the start of the rating cycle, entrance on duty of a new employee or employee's job change. The 30-day requirement may be extended by an additional 60 days with Component or Agency headquarters approval. Such extension will not impact or delay the payout effective date.

400.5.6.2 . The performance plan is considered to be an approved performance plan when the supervisor has communicated it to the employee in writing.

400.5.6.3. Subject to SC400.5.7. performance plans should be adjusted to reflect changing organization mission and priorities.

400.5.7. Adjustment of Expectations During the Appraisal Period. Performance expectations, especially those documented in the employee's performance plan, should be reviewed regularly and adjusted as needed so that they reflect current job duties and responsibilities, mission goals, work unit goals, competencies expected of the employee and/or developmental requirements.

400.5.7.1. When adjusting performance expectations, supervisors and employees must follow the requirements for planning, communicating, monitoring and assessing expectations established in this subchapter.

400.5.7.2. Supervisors will record the employee's receipt of the performance plan and the manner by which it was communicated (face-to-face, telephone, email) to the employee on the Performance Appraisal Form. Subsequent to the supervisor's entry to the record, a confirmation of the record will automatically be forwarded to the employee.

400.5.8. Communicating Expectations. Communication between managers and employees is critical to the success of the performance management system, therefore performance expectations and year-to-date progress should be the subject of several discussions throughout the year between supervisors and employees. Performance expectations will be communicated to the employee in writing prior to holding the employee accountable for them. Additionally, communication should include meaningful dialogue engaging both the supervisor and the employee and include the following topics, as applicable:

- (a) Written performance expectations, including performance factors and job objective(s) and how these relate to organizational goals;
- (b) Specific behaviors that are expected of the employee in the performance of job duties;
- (c) Examples of how the supervisor expects the employee to exhibit standard performance factors in the execution of assigned duties;
- (d) Competencies expected or required for success in the position
- (e) Measures of job objective accomplishment (quantitative and/or qualitative);
- (f) Benchmark descriptors for each assigned factor; and
- (g) Developmental expectations.

400.6. Monitoring Performance.

400.6.1. Supervisors and employees will monitor the status of performance and behavior and, to the extent possible, acknowledge accomplishments, reinforce positive behaviors, anticipate and address difficulties, and remedy shortfalls.

400.6.2. Dialogue and Feedback. Supervisors will provide on-going (i.e., regular and timely) feedback, in the form of meaningful dialogue with employees, regarding their performance. Face-to-face is the preferred method of supervisory/employee dialogue for performance-based issues. Although supervisors have the primary responsibility to

provide employees feedback, employees share the responsibility of identifying and communicating successes and difficulties relative to their assigned performance expectations.

400.6.3. Employees may request periodic feedback and dialogue regarding their own performance. To the extent practicable, supervisors will accommodate such requests.

400.6.4. As part of monitoring employee performance, supervisors are expected to maintain performance records, update job objectives as conditions change, reinforce effective behavior and hold one or more interim reviews with employees.

400.6.5. Interim Reviews. While ongoing informal dialogue and feedback are essential throughout the rating cycle, one or more interim performance reviews will be held between supervisors and employees. These reviews are more formal in nature and are subject to documentation as provided in 400.6.5.1. Interim reviews will be informative and developmental in nature, acknowledge achievements and areas for improvement, provide meaningful dialogue and exchange of concerns, and will focus on how to improve future performance. Normally, this review will take the form of face-to-face (in-person) dialogue with employees.

400.6.5.1. At least one interim performance review will be prepared and documented during the appraisal period. Employees will be furnished a copy of the review. Supervisors will record the employee's receipt of the interim review and the manner by which the review was communicated (face-to-face, telephone, email, etc.). Interim reviews will contain a brief narrative describing year to date performance, specific accomplishments, areas of needed improvement and/or developmental suggestions as appropriate to the employee.

400.6.5.2. Normally, the immediate supervisor will provide the interim review. If the immediate supervisor is unable to complete the interim review, the review will be accomplished by a management official within the chain-of-command. To the extent practicable, if the immediate supervisor is unable to complete the interim review, he or she will provide meaningful input to the manager responsible for completing the review.

400.6.6. Closeout Assessment. Supervisors will complete a brief narrative description of employee performance, accomplishments and contributions during the current appraisal period when it is known that the supervisor will cease to exercise duties related to monitoring, developing and rating employee performance (due to job change, extended absence, retirement etc.) for such employees. This condition may result from a job change by the supervisor or the employee.

400.6.6.1. Closeout assessments are only required by this issuance if the employee has been assigned to the supervisor for more than 30 consecutive days. This is a minimum requirement and Components may define additional requirements.

400.6.6.2. Closeout assessments will be accomplished in a timely manner and will be considered by the appropriate rating official when determining the recommended rating of record.

400.6.6.3. A closeout assessment for an employee that was prepared during the most recent appraisal period will be available for review by the following:

- (a) the employee;
- (b) the employee's supervisor (or rater if different);
- (c) the responsible pay pool panel and pay pool manager

400.7. Developing Performance

400.7.1. Employee Development. Developing performance is an ongoing, integrated step within the performance management process. Along with meaningful performance-related discussions that assist the employee in reinforcing strengths and correcting weaknesses, employee development opportunities may include classroom training, on-the-job training, mentoring, special assignments, details/reassignments, participation in professional and technical organizations, group performance meetings, process improvement teams, and self-development activities. These developmental opportunities can be reflected in an individual development plan.

400.7.1.1. As appropriate, supervisors should encourage employees to seek professional and technical development opportunities to further enhance their contribution to the organization's mission.

400.7.2. Addressing Performance Deficiencies. Performance deficiencies may be identified at any time during the appraisal period. When management determines that an employee is failing to meet performance expectations management must take steps to promptly address the deficiency. This should be done as soon as management determines the employee is failing to meet expectations. This policy does not require that a Level 1 rating of record be formally assigned to the employee in order to address a performance deficiency.

400.7.2.1. Unsuccessful Performance: If an employee is assigned a Level 1 rating of record, timely and appropriate management action is critical in view of the potential impact on retention and compensation.

400.7.2.2. Determine and Clearly Define the Deficiency. When addressing a performance deficiency, supervisors will identify and communicate to the employee the specific performance expectation(s) (e.g., performance factor, job objective, work behaviors) that requires improvement. Supervisors are encouraged to engage in ongoing dialogue with the employee to determine if he/she understands the expectation and whether or not the employee's particular set of skills, knowledge and/or ability are adequate to meet the expectation.

400.7.2.3. Range of Options to Address Unacceptable Performance. Managers may address unacceptable performance with one or more remedial, corrective actions. Management actions taken to address unacceptable performance should be commensurate with the nature and gravity of the deficiency. Supervisors and managers should consider the broad range of options available to address the performance deficiency, which includes, but is not limited to the following:

- (a) remedial training,
- (b) an improvement period,
- (c) a reassignment,
- (d) an oral or written warning,
- (e) a letter of counseling,
- (f) a written reprimand, and/or
- (g) adverse actions

400.7.2.3.1. If an employee exhibiting unsuccessful performance does not demonstrate an acceptable level of performance within a reasonable time period, the supervisor may initiate adverse action to reduce the employee's pay, and/or band, or remove the employee from Federal service. Although there is no requirement for the establishment or completion of a formal performance improvement period before management may initiate an adverse action, managers should consider this intervention. Furthermore, adverse action may be taken independent of the processes and/or procedures for appraising and rating performance under SC400.9 and SC400.10.

400.7.2.3.1.1. An adverse action can be taken to assign an employee to a position in a lower pay band and/or reduce an employee's rate of base salary. Pay setting resulting from such reductions will be determined in accordance with CFR 9901.343, 9901.352 and 9901.354. When an employee's basic pay is reduced for unacceptable performance and/or conduct, the reduction in the employee's rate of base salary may not be more than 10 percent unless a larger reduction is needed to place the employee at the maximum rate of the lower band. An employee's pay may not be reduced more than once in a 12-month period based on unacceptable performance, conduct, or both.

400.7.2.3.1.2. Standard and Procedures for Adverse Action. When adverse action, as defined in Subpart G – Adverse Action of ref (b), is taken for unacceptable performance, such action will be taken in accordance with the procedures provided in Subpart G – Adverse Action of ref (b) or other appropriate adverse action procedures for those organizations not covered by Subpart G – Adverse Action of ref (b), such as National Guard Technicians. Adverse actions must be taken for such cause as will promote the efficiency of the service.

400.7.2.3.1.3. Reduction in Rate of Pay/Band by Adverse Action. A reduction in an employee's rate of base salary and/or pay band can be initiated and made effective at any time through adverse action procedures based on a determination of unacceptable performance.

400.7.2.4. Impact of Misconduct on Performance. If an employee engages in misconduct, the nature and severity of that misconduct may have an impact on the successful execution of his or her duties, that of the team and/or organization and may thus be reflected in the employee's rating of record. The impact of misconduct on the employee's performance rating would depend on its seriousness, negative effect on coworkers, customers or mission, evidence of correction and any other relevant factors.

400.7.2.4.1. The fact that misconduct may impact the employee's rating of record at the conclusion of the appraisal period does not negate the need for timely additional corrective action, as appropriate.

400.7.2.5. Considerations of Circumstance(s). When determining what corrective action to take to address poor or unacceptable performance, supervisors, will take into account the circumstances, including the nature and gravity of the unacceptable performance and its consequences.

400.7.2.5.1. Knowledge Deficiency. If there is a lack of clarity or knowledge deficiency about the work expectations, supervisors should consider whether additional support, such as coaching, mentoring, closer supervision, feedback, and/or remedial training would be appropriate.

400.7.2.5.2. Lack of Motivation. When a supervisor or manager determines that motivation is the problem, he/she should consider creating positive consequences for the desirable work behavior and negative consequences for the undesirable behavior. Other options that may be considered include establishing a mentoring relationship with a successful employee or providing additional coaching.

400.7.2.6. Improved Performance. Subject to the procedures provided in **Appendix – Early Annual and Special Purpose Rating of Record**, if the employee, previously assigned a Level 1 rating of record improves his or her performance to an acceptable level (levels 2 through 5) for a sustained period of time, the supervisor (or rating official if different) will recommend an additional rating of record to reflect the new level of performance. The Special Purpose Rating of Record does not provide for any retroactive or prospective change in pay.

400.8. End of Year Performance Assessments.

400.8.1. Assessing performance involves evaluating the performance of employees relative to communicated performance expectations, including job objectives and standard performance factors for the appraisal period. Following the prescribed rating methodology the assessment will result in a recommended rating of record and ultimately a rating of record. At least once annually, employees who have completed the minimum period of performance will be assessed and will be issued a rating of record.

400.8.2. Employee Self-Assessment. Employees will be asked to provide a self-assessment covering their performance and contributions to the organization for the current appraisal period. Employee self-assessments should describe accomplishments

relative to performance expectations, including job objectives, standard performance factors, organizational mission, team goals, etc. The input will assist the rating official in evaluating more fully the employee's performance and the results of that performance.

400.8.2.1. To facilitate completion of this self assessment, employees are encouraged to maintain a personal record of their accomplishments, achievements and performance throughout the appraisal period.

400.8.3. Supervisory Assessment of Employees. The supervisor (or rating official, if different) must prepare a narrative assessment for eligible employees describing that employee's accomplishments and contributions to the organization relative to performance expectations. The supervisor (or rating official if different) must recommend the rating of record, share allocation and payout allocation to the pay pool panel in accordance with applicable instructions contained in this subchapter, its appendices and SC 300.

400.8.3.1. If the immediate supervisor is not the rating official, the supervisor should provide meaningful input to the rating official regarding the employee's performance and accomplishments. The rating official will consider such input in determining the recommended rating of record.

400.8.3.2. If the rating official has limited direct knowledge of the employee's performance, care should be taken to gather applicable facts (e.g., work products, closeout assessments, productivity metrics, customer feedback, etc.) to support the recommended rating of record.

400.8.3.3. If the supervisor (or rating official if different) ceases to be responsible for the performance management responsibilities identified in this chapter (usually due to change in position, duties, military deployment, or retirement) during the last 30 days of the appraisal period, he or she will render an early annual recommended rating of record reflecting the performance and contribution of assigned employees for the current appraisal period. See **Appendix –Early Annual and Special Purpose Ratings.** Exceptions, as determined by the pay pool manager may be appropriate based on individual circumstances.

400.8.3.4. Rating procedures relative to employees who are absent at the close of the appraisal period due to military service or work related injury are found at **Appendix – Performance Assessments and Pay Adjustments for Specially Situated Employees.**

400.8.3.5. A rating of record may not be lowered due to approved employee absence from work, including the absence of a disabled veteran to seek medical treatment.

400.8.4. Assessing the Performance of Supervisors. The management of employee performance and development must be reflected in the evaluation and assessment of each supervisor's and manager's performance. Therefore, performance expectations for supervisors at every level will include assessment and measurement of how well

supervisors and managers plan, monitor, develop, correct, and assess subordinate employees' performance in accordance with this subchapter.

400.8.4.1.. Supervisors will be rated in performance under the standard performance factor titled Supervision. Performance benchmark descriptors under this factor highlight adherence to Merit Systems Principles, DoD and Component EEO policies, and all other applicable personnel policies and regulations. Applicable personnel policies for which supervisors and managers will be held accountable include, but are not limited to those documented in this chapter and supplemental guidance issued by DoD.

400.9. Rating Methodology

400.9.1. The purpose of the NSPS performance management system is to provide a fair and equitable method for appraising and compensating covered employees. The NSPS system aligns the results of employee performance and contribution around common competencies, values and goals expressed in NSPS standard performance factors. The system is designed to provide an understandable basis for salary changes and other personnel actions. To preserve consistency of scoring and performance plan application, NSPS performance factors have been identified with associated work behaviors, and benchmark descriptors. These standard performance factors, work behaviors and benchmark descriptors may not be altered, augmented, or weighted.

400.9.2. Standard Performance Factors. The NSPS Standard Performance Factors (or factors) are the NSPS key competency areas, reflecting skills and behaviors that are critical to work accomplishment (e.g., technical proficiency, customer care, critical thinking, etc) A complete listing of the standard performance factors may be found at **Appendix – Performance Factors and Benchmark Descriptors**. The use of department-wide standards for scoring purposes helps ensure comparable scores are assigned while accommodating diverse individual objectives that contribute to accomplishment of the organization's strategic initiatives, mission, and goals. When determining a rating of record, raters will assign a performance level (1 to 5) to each standard performance factor in accordance with the guidance in this subchapter, its appendixes and supporting Component or Agency policies.

400.9.2.1. Each standard performance factor is described by one or more work behaviors. Work behaviors are the activities and skills related to the factors that describe how performance is exhibited on the job. These may be found at **Appendix – Performance Factors and Benchmark Descriptors**.

400.9.3. Benchmark Descriptors. The benchmark descriptors are examples of common and critical activities, behaviors and results associated with a particular level of performance. DoD-wide benchmark descriptors prescribe Valued Performance (Level 3) and Role Model (Level 5) levels for each standard performance factor. The benchmark descriptors for each of the standard performance factors describe how well people must perform in order to receive a particular performance level.

400.9.3.1. Each eligible employee's performance will be compared against the benchmark descriptions for each standard performance factor. The supervisor (or rater, if different) will assess the employee's demonstration, application and/or exhibition of the factors using job objectives as indicators of expected results, accomplishments, and contributions. The benchmarks should be considered as a whole, or in the aggregate, within the associated standard performance factor.

400.9.3.2. Using the benchmark descriptors as guides, the supervisor will assign a performance level (a single numerical score from 1 to 5, expressed as a whole number) for each factor. As benchmark descriptors are not provided for Levels 1, 2 and 4, the supervisor will extrapolate the level of performance using the descriptors provided and the performance level descriptors. See Table 400.9.1.

Table 400.9.1.

PERFORMANCE LEVELS	PERFORMANCE LEVEL DESCRIPTORS
5	Role Model: Almost always performs as described by the "Role Model" Benchmark descriptors.
4	Exceeds Expectations: Almost always meets the standards described by the Valued Performance benchmarks and typically, but less than almost always, meets the standards described by the Role Model benchmarks.
3	Valued Performance: Almost always performs as described by the "Valued Performance" benchmark descriptors.
2	Fair: Almost always meets the Valued Performance benchmarks, but only as a result of guidance and assistance considerably above that expected at the Valued Performance Level.
1	Unsuccessful: Performs below the Level 2 rating level descriptor or fails the standard performance factor in the performance of a single assignment where such failure has a significant negative impact on mission accomplishment or where a single failure could result in death, injury, breach of security, or great monetary loss.

Table 400.9.2

RATING LEVEL AVERAGE SCORE RANGES

RATING LEVEL	AVERAGE SCORE RANGE
5	4.51 to 5.0
4	3.51 to 4.50
3	2.51 to 3.50
2	2.0 to 2.50

400.9.4. Rating of Record. The rating of record will be the rounded average of the scores, except if a Level 1 performance level has been assigned. When the average of the rating score is .51 or higher, the rating is rounded up to the next higher whole number. When the average of the rating score is .50 or lower, the rating is rounded down to the next lower whole number. See Table 400.9.2. The assessment of Level 1 performance in any applicable factor will result in an overall rating of unsuccessful. Under NSPS, the rating of record is directly linked to pay and retention decisions. Therefore, it is of utmost importance that employees receive an appropriate, fair, unbiased rating that reflects their performance and contribution.

400.9.4.1. Unless otherwise provided in this subchapter or its appendixes, all employees who are eligible to be rated under NSPS will be assigned a rating of record following the conclusion of the annual appraisal period. This rating will be the basis for determining the number of performance shares to be awarded the employee. Additionally, the rating of record is used as retention criteria during a reduction in force as described in SC600.

400.10. Pay Pool Policies and Procedures

400.10.1. Pay Pool Composition. The membership of a pay pool is a group of employees who share in the distribution of a common pay for performance fund. The size of the pay pool membership should be large enough to encompass a reasonable distribution of ratings and range of salaries, allow distinctions in ratings and provide the funding to support them.

400.10.1.1. Criteria to distinguish pay pools may include, but are not limited to, organization structure, employee job function, location, and/or organization mission. Pay pools will be established considering business and merit system principles.

400.10.1.2. Sub-pay Pools. Where determined appropriate, due to the size of the pay pool population, the complexity of the mission or other similar criteria, sub-pay pool panels may be organized in a structure subordinate to the pay pool. Sub-pay pool panels normally operate under the same requirements and guidelines provided to the pay pools to which they report.

400.10.2. Notice to Employees. Communicating the roles and responsibilities of employees, raters, pay pool panel members and pay pool managers to all participants in the performance management system is critical to the success of a pay-for-performance system. Therefore, at a minimum the following information shall be made available to employees to the extent that they do not compromise the procedural neutrality or the confidentiality of participants (e.g. employees, raters, reviewers etc). The following information, at a minimum, will be identified to the pay pool members (i.e., workforce covered by that pay pool), preferably within the first 90 days of the appraisal period but not less than 90 days prior to the end of the appraisal period.

- (a) Pay pool composition (the organizations, functions etc that describe the composition of the pay pool);
- (b) Pay pool panel membership;
- (c) Pay pool manager;
- (d) General pay pool policies;
- (e) Factors that may be considered in making specific share assignments; and
- (f) Use of control points, if any.

400.10.2.1. Prior to the effective date of the payout, supervisors (or raters if different) will communicate to employees their approved rating of record, share assignment and payout distribution. Recommended ratings of record, will not be published or otherwise communicated to employees as they are not approved and final.

400.10.2.2. Employees who are first hired into an NSPS covered position but who will not be rated because they will not have performed the minimum period of service required under SC400.2.2. before the last day of the appraisal period will be advised that they are ineligible for the performance payout for the current appraisal period. Such information should be communicated to the employee upon acceptance of the tentative job offer. Additionally, this information should be communicated in writing with the formal job offer.

400.10.3. Responsibilities of the Pay Pool Manager. In addition to providing oversight of the pay pool panel, pay pool managers are responsible for:

- (a) Ensuring that supervisors and management officials tasked with recommending a rating of record, share assignment and payout distribution for review at the pay pool panel have been adequately trained (or in lieu of training have proven, direct, personal experience in a pay for performance system in the federal government). See **Appendix – Rater Qualification.**
- (b) Ensuring that pay pool panel representatives have received NSPS-specific training preparing them for their duties as pay pool panel members;
- (c) Ensuring distribution of pay pool funds based on employees' performance and contributions;

(d) Ensuring distribution of pay pool funds in compliance with the SC300 of this chapter, and DoD and Component financial management policies;

(e) Ensuring that communication and notification requirements specified in this subchapter are completed on a timely basis;

(f) Monitoring the compliance of supervisors and rating officials with regard to timely issuance of interim reviews, issuing closeout assessments, and early recommended ratings of record;

(g) Responding to data requests by DoD;

(h) Ensuring that procedures and policies (e.g. scoring practices, accelerated pay increases to developmental employees, etc) are exercised in a consistent manner throughout the pay pool;

(i) Monitoring management action relative to employees with Level 1 ratings of record; and

(j) Approving ratings of record for employees in the pay pool.

400.10.4. Pay Pool Panel Composition and Responsibilities. In addition to the pay pool manager, pay pool panel membership usually includes senior management officials of the organizations or functions represented. Final determinations of pay pool panel membership will be determined by the pay pool manager in accordance with DoD and Component policies and with oversight from the PRA.

400.10.4.1. The pay pool panel has the authority to recommend rating and payout adjustments for final approval by the pay pool manager, but in so doing must ensure equity and consistency in the rating and payout determinations.

400.10.5. PRA Responsibilities. The PRA will oversee the operation of pay pools established under NSPS and ensure procedural and funding consistency among pay pools under its authority. The PRA is tasked with the following:

- (a) Overseeing the civilian pay-for-performance budget;
- (b) Addressing issues associated with two separate pay systems (NSPS and GS) during the conversion to NSPS
- (c) Overseeing the composition of the pay pool in accordance with the established guidelines and statutory constraints;
- (d) Providing guidance to pay pool managers;
- (e) Monitoring pay pool fund distribution; and
- (f) Participation in challenges to ratings of record

400.11. Challenging the Rating of Record

400.11.1. This establishes the Department of Defense (DoD) reconsideration process for ratings of record under the National Security Personnel System (NSPS). The process described herein is the sole and exclusive method for all non-bargaining unit employees to challenge their ratings of record. Bargaining unit employees may challenge a rating of record, issued under NSPS through either this reconsideration process or under the terms of the negotiated grievance procedure (NGP), if applicable. Reconsideration decisions should be treated confidentially.

SC400.11.2. Relationship to Compensation. In the event of a decision to adjust a rating of record, rate range adjustments, increases to local market supplement and the payout amount and distribution should be reviewed for adjustment as appropriate. Any adjustment to salary will be retroactive to the original effective dates. Decisions made through this process will not result in recalculation of the payout made to other employees in the pay pool.

SC400.11.3. Alternative Dispute Resolution. Alternative dispute resolution may be pursued at any time during the reconsideration process consistent with component policies and procedures.

400.11.4. Procedures for Administrative Reconsideration

400.11.4.1. Within 10 calendar days of receipt of the rating of record, an employee seeking reconsideration of that rating must submit a request for reconsideration to the pay pool manager with a copy to the rating official and the servicing Human Resource Office (HRO).

400.11.4.2. As long as there is no conflict of interest, the employee may identify someone who has agreed to act as his/her representative to assist in pursuing the reconsideration request.

400.11.4.3. The request for reconsideration must be in writing, identify the employee's representative, if any, and may include a request for discussion with the pay pool manager. The request must contain sufficient detail to identify what change is being requested since the burden is on the employee to establish why the rating should be changed.

400.11.4.4. Reconsideration procedures addressed in this section apply only to employee challenges of their own rating of record. Because the rating of record is the rounded average of the performance factors, requests for reconsideration should identify the performance factor(s) and assigned levels that are disputed.

400.11.4.5. Exclusions. The following items are excluded from the administrative reconsideration process:

- (a) A performance payout, number of performance shares assigned, value of performance shares or distribution of payout between increase to basic pay and bonus;

- (b) A recommended rating of record;
- (c) An interim review;
- (d) A closeout assessment;
- (e) An assigned performance level if the desired remedy does not cause the recalculation of the rating of record.
- (f) Allegations that a performance rating was based on prohibited discrimination, such as race, color, religion, sex, national origin, age, physical or mental handicap, or reprisal may not be processed through the reconsideration process, but instead will be processed through the Equal Employment Opportunity discrimination complaint procedure.

400.11.4.6. Failure to comply with these requirements may result in the pay pool manager issuing a written cancellation of the reconsideration request. A copy of the cancellation will be furnished to the servicing human resource servicing office and the employee's rating official.

400.11.4.7. The rating official reviews a copy of the reconsideration request and prepares to address the employee's concerns with the pay pool manager.

400.11.4.8. The pay pool manager reviews the request and confers with the rating official and/or conducts further inquiry as deemed appropriate.

400.11.4.9. The pay pool manager determines if the pay pool panel should be convened. If the pay pool manager decides to convene the pay pool, a majority of the panel members must participate to review the reconsideration request. The panel makes a recommendation to the pay pool manager.

400.11.4.10. The employee may request an opportunity to personally address the pay pool manager and/or pay pool panel. The pay pool manager will decide whether such communication will be accomplished, as well as the date and time, location and method of communication. To the extent practicable such events will be held during the working hours of the employee.

400.11.4.11. If the pay pool panel is convened, a majority of the panel members must participate and review the reconsideration request. After its review the panel makes a recommendation to the pay pool manager.

400.11.4.12. Within 15 calendar days of the pay pool manager's receipt of the employees request for reconsideration, the pay pool manager renders a written decision. The decision must include a brief explanation of the basis of the decision. A copy of the decision is provided to the servicing HRO and the rating official. The pay pool manager's decision is final, unless the employee seeks further reconsideration from the PRA.

400.11.4.13. If the employee is dissatisfied with the pay pool manager's decision, or if none is provided within the prescribed timeframes, the employee may submit a written

request for final review by the PRA or PRA designee, within 5 calendar days of receipt of the pay pool manager's decision or within 5 calendar days of the date the decision should have been rendered.

400.11.4.14. The PRA or PRA designee reviews the request and confers with the pay pool manager, or conducts further inquiry as deemed appropriate, before rendering a written decision to the employee within 15 calendar days of the receipt of the request (to the PRA) from the employee. The decision of the PRA or PRA designee is final. A copy of the decision will be provided to the servicing HRO, the pay pool manager, and the rating official.

400.11.4.15. The pay pool manager, PRA or PRA designee may extend timeframes identified in 400.11.4.1. and 400.11.4.14. up to an additional 15 days with notification to the employee. Extensions of timeframes in excess of 15 days may be authorized by mutual agreement by the employee and the pay pool manager.

400.11.4.16. If the final decision is to change the rating of record, the corrected appraisal will take the place of the former. A revised performance appraisal will be prepared and entered into all appropriate records, and a copy will be provided to the employee, the servicing HRO, and the rating official. The effective date will be retroactive to the date of the original rating determination.

400.11.4.17. When calculating time limits under the administrative reconsideration procedure, the day of an action or receipt of a document is not counted. The last day of the time limit is counted unless it is a Saturday, a Sunday, a legal holiday, or a day on which the employee is not regularly scheduled to work. In those cases, the last day of the time limit shall be moved to the next regularly scheduled work day. All time limits are counted in calendar days.

400.11.5. Procedures for Bargaining Unit Employees.

400.11.5.1. A bargaining unit employee may challenge a performance rating of record through the procedure described in SC400.11.4 above or through a negotiated grievance procedure in accordance with 5 CFR 9901.922(h), but not both, so long as the rating of record has not been raised in connection with an appeal under the provisions of 5 USC 7701 or subpart H of 5 CFR Chapter XCIX, Part 9901. Once an employee raises a rating of record issue in an appeal under 5 USC 7701 or subpart H of this part, (or other appropriate process and regulations for employees not covered by subpart H) any pending grievance, arbitration, or request for administrative reconsideration under 5 CFR 9901.409(h) will be dismissed with prejudice.

400.11.5.2. If the final decision in a grievance filed under a negotiated grievance process is to change the rating of record, a revised performance appraisal will be prepared and entered into all appropriate records, and a copy will be provided to the employee, the servicing HRO, and the rating official. The effective date will be retroactive to the date of the original rating determination.

Appendix – Rating Official Qualification

Qualified Rating Official. Only management officials who have appropriate training and/or experience, and who demonstrate acceptable execution of performance management duties, will be permitted to recommend a rating of record for NSPS payout purposes to the pay pool for consideration. Subject to Component guidance, additional standards may be identified to prepare the supervisor or manager to recommend ratings of record. Pay pool managers will authorize in writing that each rating official meets identified standards, with a copy provided to the rating official and servicing Human Resource Office. Normally, the immediate supervisor issues the recommended rating of record. If the immediate supervisor is not qualified to render a recommended rating, the responsibility will be elevated to the next higher management official who has been authorized by the pay pool manager.

To maintain rating official qualification, rating officials are, at a minimum, to demonstrate acceptable execution of performance management duties. The authorization to act as a rating official may be suspended indefinitely by the pay pool manager or other authorized management official. Suspension of this qualification should be considered in assessing that supervisor's performance. Circumstances which may warrant suspension of rater qualification include, but are not limited to:

- Failure to link employee's objectives to organization's performance plans;
- Failure to make meaningful distinctions in performance levels and appraise employees realistically;
- Failure to document job objectives for subordinates;
- Failure to have conducted interim reviews;
- Instances where the supervisor has been unprepared to discuss employees' performance and contribution at a pay pool review; and
- Instances where the supervisor has failed to adequately deal with instances of poor performance in a timely manner.

Appendix – Early and Special Purpose Ratings

Early Annual Recommended Rating of Record. An early recommended rating of record will be issued when 1) when the supervisor * ceases to exercise the duties relative to monitoring, developing and rating employee performance within 30 days of the end of the appraisal period or 2) when the employee is reassigned, promoted or demoted within NSPS resulting in the assignment of a new rating official within 30 days of the end of the appraisal period. The pay pool manager may allow exceptions to this policy based on individual circumstances.

In these situations the departing or "losing" supervisor* will assess employee performance and contribution in accordance with this subchapter and will recommend a rating of record, number of shares and payout distribution. This recommendation will flow to the pay pool panel to which the employee is assigned at the close of the appraisal period for reconciliation. The "new" supervisor* may add comments to the record, in support of, or in disagreement with, the recommended rating of record for consideration by the pay pool panel.

* or rating official, if different.

Special Purpose Rating of Record. The significance in NSPS of the employee's rating of record emphasizes the need for those ratings to be accurate, authentic and reflective of the employee's performance and contributions. Therefore, as necessary to recognize significant and sustained changes in performance, a special purpose rating of record may be assigned during the appraisal period in addition to the regularly completed rating of record. The special purpose rating may only be applied in the case of an employee with a rating of record Level 1 who exhibits significant and sustained improvement in his or her performance that equates to Level 2 performance or higher.

The assignment of a special purpose rating of record has no impact on pay, retroactive or prospective. To the extent practicable, special purpose ratings, like end-of-year ratings are subject to the same pay pool panel process as are end of year ratings. A consistent approach in performance assessment and employee ratings is critical to the creditability and transparency of the pay-for-performance system. At a minimum the pay pool panel must be convened and consider the appropriateness and validity of the special purpose rating.

Special purpose ratings are effective upon approval by the pay pool manager and communication with the employee. The employee record will be updated to reflect the special purpose rating as the rating of record prospectively until the effective date of the rating of record for the current appraisal period.

For example, assume that an employee is rated Level 1 for the appraisal period 2006 – 2007. On April 10, 2007 a special purpose rating, Level 2 is authorized by the pay pool manager and communicated to the employee. The Level 2 rating becomes effective April 10, 2007 and forward. On October 1, 2008 a rating of record is assigned for the appraisal period 2007 – 2008 based on the performance and contribution of the employee for the entire period.

Appendix – Discretionary Pay Funds

Discretionary Pay Funds (DPF). Pay pool managers may set aside a portion of their available pay pool funds or use other appropriate funding sources to establish a DPF. The fund may be used to pay Extraordinary Pay Increases (EPI), Accelerated Compensation for Developmental Positions (ACDP), or Organization Achievement Recognitions (OAR).

If pay pool funds are used to resource a DPF, discretion and restraint should be used when awarding payments from the DPF as doing so removes funds from the pay pool that would otherwise be available to compensate employees through the annual performance payout. Payments made under this authority and paid from pay pool funds must be approved by the pay pool manager.

Extraordinary Pay Increase (EPI). An EPI is an increase to employee base salary, bonus or a combination of these intended to reward employees when the payout formula does not adequately compensate them for their extraordinary performance and results. The EPI payment is in addition to the annual performance payout and is made in conjunction with the annual performance payout.

The EPI should be used sparingly and only to reward exceptionally high-performing employees whose performance and whose contributions to the organization are of an exceedingly high value. The performance and results must be expected to continue at an extraordinarily high level in the future. An increase to basic pay resulting from an EPI is permanent and does not require future revalidation.

Only employees who have achieved the level 5 score in each applicable performance factor are eligible for an EPI. The amount of the EPI awarded in the form of an increase to base salary may not cause the employee's base salary to exceed the top of the employee's pay band.

Accelerated Compensation for Developmental Positions (ACDP). The ACDP is an increase to employee base salary, bonus or a combination of these that may be provided to employees participating in Component-training programs or in other developmental capacities as determined by Component policy. The ACDP is awarded to recognize acquisition of predefined, job related competencies combined with successful performance of expectations. The ACDP payment is in addition to the annual performance payout.

The decision to grant the ACDP is entirely at the discretion of management, with final approval by the pay pool manager. Within a pay pool the conditions for payment of the ACDP should be consistent and consistent with merit systems principles. The amount of the ACDP may not cause the employee's base salary to exceed the top of the employee's pay band.

The ACDP may be awarded during the appraisal period or in conjunction with the annual performance payout.

Organizational / Team Achievement Recognition (OAR). The OAR is an increase to employee base salary, bonus or a combination of these in order to recognize the members of a team, organization or branch whose performance and contributions have successfully and directly advanced organizational goal. The OAR payment is made in conjunction with the annual performance payout.

If the employees to be recognized belong to separate pay pools and are employed by different Components the recommendation shall be made by the pay pool manager to which the majority of the employees belong. Employees with a Level 1 rating of record are not eligible to receive an OAR. The amount of the OAR awarded in the form of an increase to base salary may not cause the employee's basic pay to exceed the top of the employee's pay band.

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**Attachment to Information Paper – Rewarding Performance
Pay Pool End of Cycle Process**

Step	Actions
1	At the conclusion of the appraisal period, the rating official (normally the first-level supervisor) will request that employees provide self-assessments describing their own accomplishments throughout the year for each factor in sufficient time to consider in their supervisory assessment.
2	The rating official incorporates input from the employee, personal observations, and other sources as appropriate, to assess the level of the employee's performance for each standard performance factor. A recommended rating of record is derived in accordance with the procedures at SC400.8 and SC400.9. The rating official submits recommends ratings, shares, and payout distribution for review at the pay pool panel meeting. Organizations may establish policies that provide for a second level management review or sub-pay pool structure to manage the flow of recommended ratings.
3	<p>The pay pool panel meets to review the recommended ratings, shares and payout distribution for employees within that pay pool. The rating of record, share assignment and payout distribution are finalized through one or more pay pool panel meetings, normally chaired by the pay pool manager. Management will determine the appropriate administrative procedures for this process and the operation of the pay pool panel.</p> <p>Typically, the meeting involves a management presentation of employee performance and recommended rating, shares and payout distribution followed by discussion by panel members to review the basis for the recommendations.</p> <p>Discussion should involve direct experiences and current information about employees. To the maximum extent possible, comments are supported with evidence. The pay pool panel reconciles supervisory recommendations with pay pool payout distribution policies to ensure equity and consistency.</p> <p>Forced ranking (requiring a predetermined, fixed number of employees be assigned to a performance level) is not permitted.</p> <p>Preferably pay pool panel decisions should be based on a consensus of the members. However, if agreement cannot be reached, the pay</p>

	pool manager will make the final decision.
4	Upon completion of the pay pool panel process, the pay pool manager authorizes the ratings which then become the employee's rating of record. The pay pool manager also authorizes the assignment of shares and payout distribution to employees in the pay pool.
5	Once the ratings of record, share and distribution have been approved, they are documented and serve as the basis for performance feedback discussions with the employees.
6	The supervisor or rating official communicates the approved rating and payout results to each employee. Potential opportunities for increasing performance for the upcoming appraisal period are also discussed. This information will be maintained consistent with established agency procedures. The payouts become effective as prescribed by DoD issuance.

Appendix – Performance Assessments and Pay Adjustments for Specially Situated Employees

Employees who are absent from civilian service to perform in the uniformed services in accordance with 38 U.S.C. 4303 and 5 CFR 353.102 and who are eligible for a rating for the current appraisal period. Eligible employees (those who have met the minimum performance period requirement, see SC400.2.2.) who are performing qualifying uniformed service at the close of the appraisal period will participate in the rating and pay adjustment determination process under the requirements of this subchapter. The rating of record will be based on the performance and contributions made by the employee while in his or her civilian capacity and performing under an approved NSPS performance plan. NSPS performance management procedures described in this subchapter will be observed to the extent practicable. Subject to pay pool policies and procedures, the employee will receive a final rating of record and pay adjustment determination consisting of the appropriate increase in base salary and/or bonus.

Employees who are absent from civilian service to perform in the uniformed services in accordance with 38 U.S.C. 4303 and 5 CFR 353.102 and who have not completed the NSPS minimum period in the current appraisal period. For appraisal periods during which the employee did not complete the minimum period, performance pay adjustments will be based on either the employee's last NSPS rating of record or the modal rating received by other employees covered by the same pay pool and band for the most recently completed appraisal period, whichever is most advantageous to the employee. If the employee had no rating of record at the time he or she left civilian service, the modal rating for the pay pool will serve as the basis for performance pay decisions. If there is more than one modal rating, the highest one will be used.

If using the employee's last rating of record is most advantageous, the employee's base salary rate will be adjusted using the average base salary rate adjustment received by employees assigned the same rating of record in the same pay pool and band. If using a modal rating, the base salary rate will be set prospectively using the average base salary adjustment received by employees who received the modal rating assigned under this rule. There is no entitlement to retroactive payments for base salary adjustments or bonuses.

Such employees also will be credited with intervening rate range adjustments in accordance with SC300.4.1.3. NSPS performance management procedures described in SC400 will be observed to the extent practicable.

Employees who are absent at the end of the appraisal period due to a work-related injury and who are eligible for a payout. Eligible employees who are still on agency rolls at the end of the appraisal period but who are absent due to a work-related injury will be rated based on the work performed during the appraisal period, provided they have satisfied the minimum performance period. The performance management

procedures described in this chapter will be observed to the extent practicable. Subject to pay pool panel reconciliation and pay pool policies and procedures, the employee will receive a final rating of record and pay adjustment determination consisting of the appropriate increase in base salary and/or bonus.

Eligible employees returning to duty after being in workers' compensation status for one or more appraisal periods. If the employee was in receipt of workers' compensation benefits under 5 U.S.C Chapter 81 (including continuation of pay under section 8118 and wage loss benefits under section 8105) for the entire appraisal period and/or did not complete the NSPS minimum period, he or she will not be eligible to receive a performance payout, although such employee is eligible for a prospective pay adjustment once they resume employment. The base salary will be set prospectively for an employee who returns to duty after a period of receiving injury compensation under 5 U.S.C. chapter 81, subchapter I (in a leave-without-pay status or as a separated employee). There is no entitlement to retroactive payments for base salary adjustments or bonuses.

Performance pay adjustments will be based on either the employee's last NSPS rating of record or the modal rating received by other employees covered by the same pay pool and band during the most recently completed appraisal period, whichever is most advantageous to the employee. If the employee had no rating at the time he or she left civilian service, the modal rating for the pay pool will serve as the basis for performance pay decisions. If there is more than one modal rating, the highest one will be used.

If using the employee's last rating of record is most advantageous, the employee's base salary rate will be adjusted using the average base salary rate adjustment received by employees assigned the same rating of record in the same pay pool and band. If using a modal rating, the base salary rate will be set prospectively using the average base salary adjustment received by employees who received the modal rating assigned under this rule. There is no entitlement to retroactive payments for base salary adjustments or bonuses.

Such employees also will be credited with intervening rate range adjustments in accordance with SC300.4.1.3. NSPS performance management procedures described in SC400 will be observed to the extent practicable.

Employees on detail or temporarily promoted. Performance expectations relative to the assigned temporary duties will be communicated to employees who are detailed, temporarily promoted, or otherwise temporarily assigned to other duties or another position for 90 days or more. The employee, temporary (gaining) supervisor and supervisor of the permanent position will jointly review the necessity to adjust previously assigned job objectives. The supervisor of the permanent position has final authority to determine and document the appropriate job objectives. Both supervisors will cooperate to ensure that the employee is provided meaningful feedback during the temporary assignment and is issued at least one formal interim assessment. For the purpose of the

recommended rating of record, the temporary supervisor will provide input regarding the employee's performance to the supervisor of the permanent position by providing a closeout assessment. Policies established for setting and communicating performance expectations as described in SC 400 will be applied to the extent practicable.

Regardless of the length of the temporary assignment, an employee on a detail or temporary promotion to a position covered by another pay pool will be assigned a recommended rating of record by the supervisor/rater of the permanent position. Such recommendation will consider input provided by the supervisor of the temporary position. The recommended rating, share assignment and payout distribution will flow to the pay pool panel of the permanent position for reconciliation and final approval by that pay pool manager. To the extent practicable the rater and pay pool panel will consider the closeout assessment provided by the supervisor of the temporary position. For calculation purposes the same proportional salary increase (if any) will adjust the salary of the permanent position and the salary of the temporary position, if different than the permanent (e.g. if the employee's salary was increased due to a temporary promotion or reassignment).

Employees who have not performed for the minimum period due to administrative error. Employees who would have been eligible for a rating of record under this subchapter but for an administrative error will be provided an extension to the appraisal period. The rating and payout procedures will be consistent with the requirements of this subchapter and SC300 to the maximum extent feasible. Such extension may not delay the effective date of the payout for either the individual employee or the pay pool.

Employees performing union activities. Employees performing union-related activities ("official time") are subject to the policies prescribed in this subchapter provided that such employees perform agency duties under established NSPS performance expectations for the minimum period as defined at SC400.2.2. Periods of time when the employee is performing union-related business (e.g. official time) do not count toward the minimum period. Employees engaged in union-related activities such that they do not meet the condition above are not ratable based on their individual performance. Performance pay adjustments for such employees will be based on either the employee's last NSPS rating of record or the modal rating received by other employees covered by the same pay pool and band during the most recently completed appraisal period, whichever is most advantageous to the employee. If the employee has no NSPS rating of record, the modal rating for the pay pool will serve as the basis for performance pay decisions. If there is more than one modal rating, the highest one will be used. Furthermore, such employees will be credited with rate range adjustments in accordance with SC300.4.1.3. NSPS performance management procedures described in SC400 will be observed to the extent practicable.

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